

# **BDT INVEST FUNDS PLC**

Newsletter

Month of March 2009

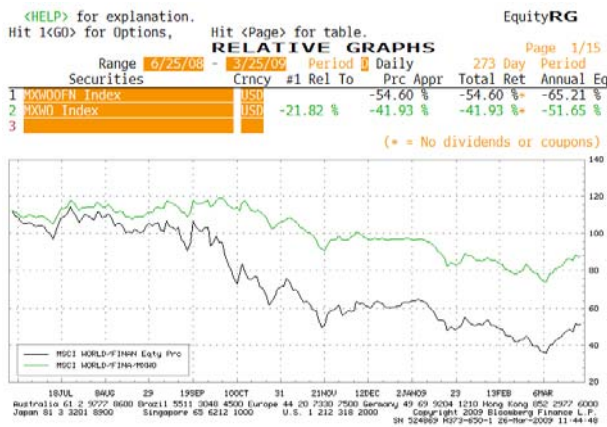




## Review

A 7.2% rally in the MSCI World Index in March brought some overdue relief to equity market participants and reduced the decline in the first quarter to 12.5%, a rather better result than the 25% decline registered at one point in early March. Japan barely benefitted from this improved sentiment with the MSCI Japan Index closing the first quarter down 16.6%. Driven by phenomenal rallies in Korea and Taiwan, the MSCI Asia ex Japan Index recorded a 13.8% advance over the month which enabled the Index to close the first quarter with a modest advance of 0.6%.

Despite all the Funds bouncing sharply in March only the Oriental Focus Fund managed to post an advance over the quarter (the first positive quarterly return since 3Q 2007) but the weakness of the Yen and the Japanese market consigned the Asian Focus Fund and both Japanese Funds to negative quarterly returns. Please refer to the individual factsheets for performance details and commentaries.



## Bear Market Rally

The near universal consensus is that the recent move in major equity markets is a bear market rally and, much as we like to avoid the consensus, we find ourselves in agreement. The chart above shows the relative performance (in green) of the MSCI Financial Index versus the MSCI World Index since last summer.

The rally was triggered by Vikram Pandit's comments that Citigroup was having the best quarter since 3Q 2007 and the relative outperformance of the financial sector since then reflects a bounce from oversold levels and not much else. After tripling from the low, Citigroup today sells at one quarter of book value. This reflects the reality that, at best, we are at "the end of the beginning" of the deleveraging cycle. Aside from the dead cat bounce in financials, there are host of other technical indicators suggesting that one should not get carried away. The difficulty, as ever, is to try and estimate how far this rally can go and for how long. We would guess a fair bit further and one quarter.

In part the rally will be supported by a growing number of data releases suggesting that global economic activity is stabilising. In this respect we would be considerably more comforted by Asia's strong relative performance since last October if recent moves were driven by more than a rebound in the Korean Won and an increasingly frantic scramble by fund managers to cover shorts and/or add beta to portfolios.

## US Housing

Three East European governments have resigned in the past six weeks and Romania has joined the long list of countries in the region turning to the IMF. Economic activity in East, South and West Europe will not recover anytime soon. More to the point, if and when it does it will be a consequence of external stimulus. Across the pond the Fed announced an explicit quantitative easing policy and shortly after Secretary Geithner achieved a rare PR success with the public-private investment program (PPIP). To our understanding PPIP represents an important step to rehabilitating the US banking system since it will result in price discovery (whether bank equity holders will appreciate this is a very different question) and the removal of bad loans and assets from balance sheets. PPIP will, over time, place the banking system in a position to extend credit. Meanwhile the bear market in residential property is increasingly long in the tooth, rising foreclosures are forcing the market to clear and affordability indices are at record highs. Expect better news flow as the year unfolds and a decent recovery in 2010.

## China - SOE vs. SME

The explosion in bank lending in the past few months has been little short of extraordinary. The problem is that the state controlled banking system only knows how to lend to state owned companies (an senior executive of Minsheng Bank was recently quoted as saying "We are being told to loan more to the SMEs but how do I credit rate them?"). The consequences of this somewhat dysfunctional banking system are twofold. The private sector (SMEs) is starved of credit and reacting predictably - firing workers, closing factories and cutting investment. Those who survive will be in a very strong position as excess capacity and competition fall away. The public sector (SOEs) is awash with credit and reacting predictably - firing no-one, idling but not reducing capacity and building inventories. Key industries such as steel, aluminium, cement and glass all have idle capacity in the range of 20-30% or higher. The logical investment conclusion has to be to continue to avoid any company operating in these, and most other, cyclical industries and to focus on the private sector survivors. Our preference remains domestically orientated, consumer facing businesses but it is probably also time to start sifting through the rubble of the exporting sector.

## Outlook

We remain comfortable with our larger equity positions and the overall positioning of the portfolios but are conscious of the limited exposure to energy, cyclicals or commodity stocks. We also retain minimal exposure to Korea where a recent trip generated little aside from periods of sheer terror during meetings with banks.

There remain plenty of interesting investment opportunities across the region. Valuations remain undemanding. We would be surprised if this rally does not continue for a while longer.

BDT Invest LLP  
2nd April 2009

# Asian Focus Fund



## Investment Objective

The BDT Invest Asian Focus Fund aims to achieve absolute returns. The Fund is not managed against, nor constrained by, any index; comparisons are for illustrative purposes only. Equity investments will be made in Japanese and Asian markets. Monies not invested in equities will generally be held in short term fixed interest securities. US Dollar, Sterling and Euro denominated share classes are available. Since May 2008 the Sterling share classes are NO LONGER hedged back into the base currency. The Euro share classes are hedged back into their base currency.

## Commentary

The Net Asset Value of the US Dollar B shares rose 7.4% last month going some way to erasing the losses of the first two months. This was midway between the 13.8% rise in Asia ex-Japan and the 2.1% rise in Japan. A sharp rebound in the Korean market, and particularly the Won, where we have little exposure was not helpful. A recent visit found little to get excited over from a company perspective, although the economic data have ceased deteriorating. We have re-entered the market with one of the few strong and predictable corporate stories in Samsung Fire & Marine. Our focus continues to be on sound companies which have been unduly de-rated and justification of this view came from strong results from the likes of Minth and China Insurance.

Compound Annual Growth Rate since Inception

**Class A\$ Share 4.8%**

**Class B\$ Share 5.3%**

5th March 2001 - 31st March 2009

	A Class	B Class
<b>Net Asset Value</b>		
Dollar Class	\$ 13.69	\$ 14.29
Sterling Class	£ 16.98	£ 17.82
Euro Class	€ 10.87	€ 10.92
Fund Size (million)	\$50.3	
Historic Yield	1.6%	1.5%

## Dealing

Dealing Frequency	Daily	
Dealing cut off point	5pm (Dublin time)	
Valuation point	9am (following day)	
Min Investment	\$ 10,000	\$3,000,000
Subsequent	\$ 2,500	\$ 100,000

## Fee and Charges

Annual Management Fee	1.5%	0.9%
Entry Charge	3.0%	0.0%
Exit Charge	0.0%	3.0%
TER (estimated)	2.03%	1.43%

*(excluding performance fee and entry/exit charges)*

## Performance Fee

10% of any gains in excess of 10%. Subject to high tide marks and/or CAGR since inception.

## Broking Commissions

The Fund pays normal transaction commissions which range from 0.2% to 0.7%. BDT Invest has entered into commission sharing arrangements.

## Activity

Activity is not "targeted" and will depend upon market conditions. Since launch turnover (an average of purchases and sales divided by the fund size and expressed as an annualised percentage) has been 112%.

## Distributor Status

The Fund has received distributing fund status for the year ended Dec 31, 2007

## Investment Manager (for enquiries)

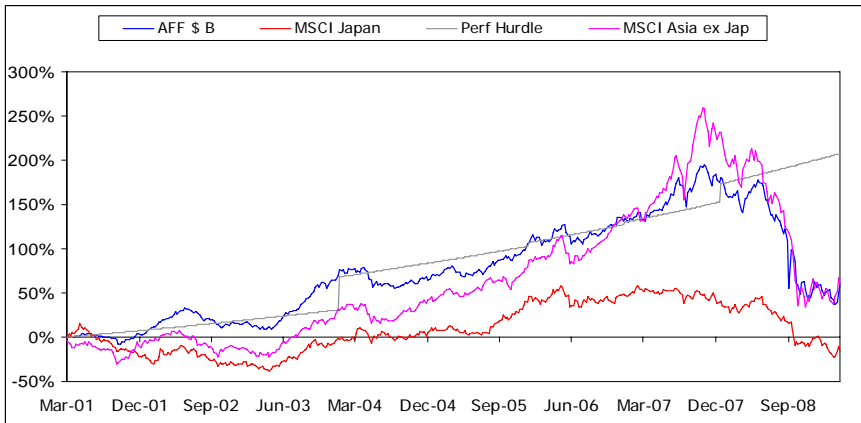
BDT Invest LLP  
4th Floor, 52 Jermyn Street  
London Telephone  
SW1Y 6LX +44 (020) 7659 1300

## Administrator (for dealing and admin)

HSBC Securities Services (Ireland) Limited  
1 Grand Canal Square  
Grand Canal Harbour  
Dublin 2 Telephone  
Ireland +353 (01) 635 6000

## Regulatory Status

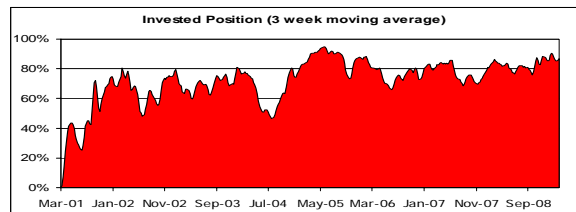
Listed on the Irish Stock Exchange, approved by the IFSRA, Authorised and Regulated by the FSA



Top Twenty Holdings		Country Weights		Sector Weights	
China Insurance	10.4%	Japan	23.2%	Financials	30.7%
Top Glove	4.7%			Consumer Discretionary	11.8%
Rexlort Holdings Ltd	4.2%	China	18.8%	Industrial	10.9%
SCB	3.8%	Hong Kong	8.5%	Information Technology	10.1%
Taiwan Semi	3.7%	Indonesia	1.3%	Health Care	6.7%
Lafarge Cement	3.6%	India	8.3%	Property	5.4%
Minth Group	3.3%	Korea	1.0%	Energy	4.3%
East Japan Railway	3.1%	Malaysia	8.3%	Materials	3.6%
Farglory Land Development	3.1%	Philippines	0.0%	Consumer Staple	1.9%
Bharat Heavy Electricals	2.9%	Singapore	4.1%	Telecoms	1.4%
HDFC	2.8%	Thailand	3.8%	Utilities	0.0%
Ping An Insurance Group	2.7%	Taiwan	9.4%		
Educomp Solutions Ltd	2.6%			Portfolio Concentration	
Yuanta Financial Holdings	2.6%			Top Twenty	67.1%
Mitsubishi UFJ Financial Group	2.4%			"5 & 40 rule"	10.4%
Petrochina ADR	2.4%			Number of Holdings	33
Nintendo	2.3%	% Invested	86.7%		
Cheung Kong	2.3%	Cash	13.3%		
Jardine Matherson	2.2%	T-bills	0.0%		
Standard Chartered Plc	2.1%				

31st March 2009	1 month	3 month	6 month	1 year	3 years	5 years
Asian Focus Fund A \$	7.2%	-4.5%	-20.5%	-40.9%	-31.7%	-16.1%
Asian Focus Fund B \$	7.4%	-4.2%	-20.1%	-40.4%	-30.2%	-13.4%
Asian Focus Fund A £	6.4%	-3.4%	0.5%	-18.1%	-6.2%	18.3%
Asian Focus Fund B £	6.5%	-3.8%	0.2%	-17.6%	-4.8%	21.7%
Asian Focus Fund A €	6.3%	-4.9%	-23.7%	-43.4%	-36.8%	-23.4%
Asian Focus Fund B €	6.4%	-4.4%	-23.3%	-42.9%	-36.2%	-22.1%
MSCI Asia ex Japan	13.8%	0.6%	-21.0%	-44.0%	-18.1%	19.6%
MSCI Japan	2.1%	-16.6%	-24.1%	-36.0%	-43.8%	-24.1%

MSCI Indices (incl net dividends) stated in US\$. Fund returns stated in the class base currency.



Asian Focus Fund B \$	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Year
2005	0.9%	4.0%	-4.1%	-2.4%	1.8%	1.2%	3.9%	1.4%	5.4%	-2.7%	3.9%	6.4%	21.0%
2006	3.4%	-1.6%	3.6%	1.9%	-4.7%	0.7%	-0.2%	2.0%	0.4%	2.9%	4.4%	0.2%	13.2%
2007	-0.9%	1.7%	0.1%	2.7%	2.9%	4.5%	5.7%	-2.6%	5.9%	4.7%	-5.4%	0.4%	20.9%
2008	-9.9%	4.4%	-4.1%	5.1%	2.1%	-9.2%	-5.8%	-5.0%	-14.4%	-15.3%	-8.5%	7.7%	-43.8%
2009	-4.6%	-6.5%	7.4%										-4.1%



## Investment Objective

The BDT Invest Oriental Focus Fund aims to achieve absolute returns. The Fund is not managed against, nor constrained by, any index; comparisons are for illustrative purposes only. From 1st April 2008 the investment universe has been refined to Asian Equity markets excluding Japan. This change was approved by shareholders at the AGM on 16th May 2008. The Manager intends to run a focused portfolio with a target of twenty five to thirty individual holdings. US Dollar, Sterling and Euro denominated share classes are available. Since May 2008 the Sterling share classes are NO LONGER hedged back into the base currency. The Euro share classes are hedged back into their base currency.

## Commentary

The Net Asset Value of the US Dollar B shares jumped by 9.9% during March to take the Q1 return to a positive 1.5%. Asia ex-Japan bounced harder in March but ended the quarter up only 0.6%. A sharp rebound in the Korean market, and particularly the Won, where we have little exposure was not helpful this month, reversing the trend of February. A recent visit found little to get excited over from a company perspective, although the economic data have ceased deteriorating. We have re-entered the market with one of the few strong and predictable corporate stories, Samsung Fire & Marine. Our focus continues to be on sound companies which have been unduly de-rated and justification of this view came from the likes of Minth and China Insurance with both rallying on strong results. Despite mark to market losses for 2008, the strength of the latter's underlying numbers were recognised by a 30% jump in the month.

Compound Annual Growth Rate since Inception

<b>Class A\$ Share</b>	<b>2.7%</b>
<b>Class B\$ Share</b>	<b>3.5%</b>
11th Oct 2004 - 31st March 2009	

	A Class	B Class
<b>Net Asset Value</b>		
Dollar Class	\$ 10.66	\$ 11.04
Sterling Class	£ 14.83	£ 15.29
Euro Class	€ 9.46	€ 9.77
Fund Size (million)	\$9.1	
Historic Yield	1.9%	1.8%

<b>Dealing</b>		
Dealing Frequency	Daily	
Dealing cut off point	5pm (Dublin time)	
Valuation point	9am (following day)	
Min Investment	\$ 10,000	\$3,000,000
Subsequent	\$ 2,500	\$ 100,000

<b>Fee and Charges</b>		
Annual Management Fee	1.5%	0.9%
Entry Charge	3.0%	0.0%
Exit Charge	0.0%	3.0%
TER (estimated)	2.19%	1.59%
<i>(excluding performance fee and entry/exit charges)</i>		

**Performance Fee**  
10% of any gains in excess of 10%. Subject to high tide marks and/or CAGR since inception.

**Broking Commissions**  
The Fund pays normal transaction commissions which range from 0.2% to 0.7%. BDT Invest has entered into commission sharing arrangements.

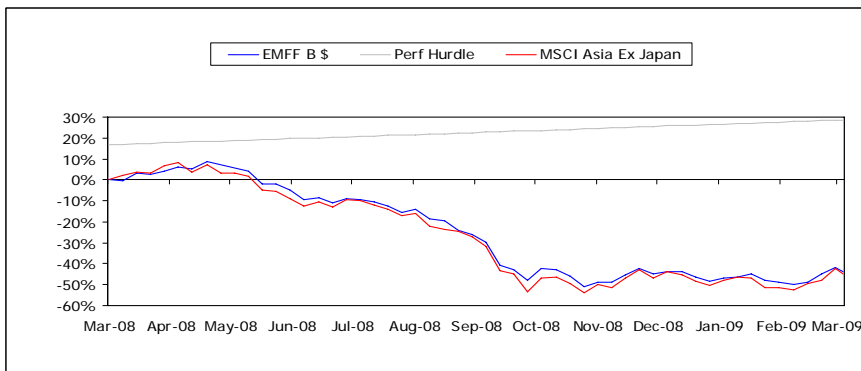
**Activity**  
Activity is not "targeted" and will depend upon market conditions. Since launch turnover (an average of purchases and sales divided by the fund size and expressed as an annualised percentage) has been 125%.

**Distributor Status**  
The Fund has received distributing fund status for the year ended Dec 31, 2007

**Investment Manager (for enquiries)**  
BDT Invest LLP  
4th Floor, 52 Jermyn Street  
London Telephone  
SW1Y 6LX +44 (020) 7659 1300

**Administrator (for dealing and admin)**  
HSBC Securities Services (Ireland) Limited  
1 Grand Canal Square  
Grand Canal Harbour  
Dublin 2 Telephone  
Ireland +353 (01) 635 6000

**Regulatory Status**  
Listed on the Irish Stock Exchange, approved by the IFSRA, Authorised and Regulated by the FSA



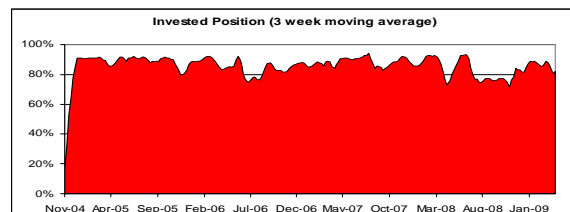
Top Twenty Holdings		Country Weights		Sector Weights	
China Insurance	10.0%	China	22.3%	Financials	27.9%
Top Glove corp	7.3%	Hong Kong	11.5%	Consumer Discretionary	12.2%
Mermaid Maritime Pcl	5.5%	Indonesia	0.9%	Energy	10.3%
Rexlot Holdings Ltd	5.5%	India	8.3%	Health Care	7.3%
Lafarge Cement	3.5%	Korea	0.9%	Property	7.2%
SCB	3.4%	Malaysia	10.8%	Industrial	6.5%
Minth Group	3.3%	Philippines	0.0%	Materials	3.5%
HDFC	3.1%	Singapore	12.8%	Information Technology	2.9%
Petrochina ADR	3.1%	Thailand	5.5%	Consumer Staple	2.8%
Ping An Insurance Group	3.1%	Taiwan	7.7%	Telecoms	0.0%
Jardine Matherson	2.9%			Utilities	0.0%
Taiwan Semi	2.9%				
Cheung Kong	2.9%				
Want Want China Holdings	2.8%				
Bharat Heavy Electricals	2.7%				
First Ship Lease	2.6%				
Yuanta Financial Holdings	2.5%				
Educomp Solutions Ltd	2.5%				
Farglory Land	2.3%				
Standard Chartered Plc	2.2%				

Portfolio Concentration			
Top Twenty		74.0%	
% Invested	80.7%		
"5 & 40 rule"		28.7%	
Number of Holdings			25

31st March 2009	1 month	3 month	6 month	1 year	2 years	3 years
EM Focus Fund A \$	9.8%	1.1%	-21.2%	-43.8%	-35.5%	-19.5%
EM Focus Fund B \$	9.9%	1.3%	-20.9%	-43.4%	-34.5%	-17.6%
EM Focus Fund A £	8.9%	2.4%	-0.4%	-22.1%	-10.9%	9.9%
EM Focus Fund B £	9.0%	2.6%	-0.1%	-21.6%	-9.7%	12.4%
EM Focus Fund A €	8.7%	0.7%	-25.8%	-47.3%	-40.8%	-27.6%
EM Focus Fund B €	9.0%	1.0%	-24.9%	-46.8%	-39.6%	-25.6%
MSCI Asia ex Japan	13.8%	0.6%	-21.0%	-44.0%	-33.5%	-18.1%
MSCI EMF Asia	15.9%	1.6%	-20.3%	-44.3%	-32.7%	-18.3%

MSCI Indices (incl net dividends) stated in US\$. Fund returns stated in the class base currency.



Oriental Focus Fund B \$	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Year
2008 (from 1st April)				5.3%	1.2%	-10.5%	-4.6%	-4.8%	-17.4%	-18.8%	-11.0%	8.0%	-43.8%
2009	-3.8%	-4.1%	9.9%										1.5%

# Japanese Focus Fund



## Investment Objective

The BDT Invest Japanese Focus Fund aims to achieve absolute returns. The Fund is not managed against, nor constrained by, any index; comparisons are for illustrative purposes only. Equity investments will be made in Japanese equities. Monies not invested in equities will generally be held in short term fixed interest securities. US Dollar, Sterling and Euro denominated share classes are available. The Sterling and Euro share classes are hedged back into their base currency in the normal course of events.

## Portfolio Commentary

The US\$ B shares rose by 3.8% in March, outperforming the TOPIX rise of 1.4% in US Dollar terms. In local currency terms, the TOPIX rose 2.2% whilst the Yen weakened slightly. The better performance of the market and the Fund was caused by a recovery in prices of financial stocks worldwide and the continued appreciation of many manufacturing sector share prices.

Amongst the Fund's holdings, finance and property companies rallied as government policy measures at home and abroad triggered extensive short-covering. Overseas, several Central Banks introduced quantitative easing policies whilst the Bank of Japan announced that it would provide subordinated loans to banks and the Government said that it was looking at injecting funds into the property market.

Stocks in the manufacturing sector responded to continued weakness in the Yen, especially against the Euro, and to hope that the current quarter would prove to be the nadir of the production adjustment. It was the data on inventories that raised expectations on the latter point. Although industrial production continues to decline sharply, current production levels are below those of final demand. As a result, inventories peaked at the end of 2008 and have fallen noticeably in 2009. Falling inventories are the first step towards bringing demand and supply back into equilibrium in the manufacturing sector and some of the large auto and electronic firms have been talking about raising output levels over the summer as a result. Of course, the new equilibrium may be at rates of capacity utilization so low that a recovery in profitability remains a distant prospect for most corporates, but an end to the deterioration in operating rates would be a positive sign.

Politics took another surprising turn in March with the involvement of opposition leader Ichiro Ozawa in a money politics scandal. His decision to tough it out and remain as leader has cost his party in the opinion polls. With an election due by the end of summer, the two main parties are even in the polls.

Compound Annual Growth Rate since Inception

**Class A\$ Share -11.7%**

**Class B\$ Share -11.2%**

3rd June 2005 - 31st March 2009

	A Class	B Class
<b>Net Asset Value</b>		
Dollar Class	\$ 6.21	\$ 6.34
Sterling Class	£ 5.97	£ 5.93
Euro Class	€ 5.63	€ 5.69
Fund Size (million)	\$4.0	
Historic Yield	0.0%	0.0%

## Dealing

Dealing Frequency	Daily	
Dealing cut off point	5pm (Dublin time)	
Valuation point	9am (following day)	
Min Investment	\$ 10,000	\$3,000,000
Subsequent	\$ 2,500	\$ 100,000

## Fee and Charges

Annual Management Fee	1.5%	0.9%
Entry Charge	3.0%	0.0%
Exit Charge	0.0%	3.0%
TER (estimated)	2.27%	1.67%

(excluding performance fee and entry/exit charges)

## Performance Fee

10% of any gains in excess of 10%. Subject to high tide marks and/or CAGR since inception.

## Broking Commissions

The Fund pays normal transaction commissions which range from 0.2% to 0.7%. BDT Invest has entered into commission sharing arrangements.

## Activity

Activity is not "targeted" and will depend upon market conditions. Since launch turnover (an average of purchases and sales divided by the fund size and expressed as an annualised percentage) has been 131%

## Distributor Status

The Fund has received distributing fund status for the year ended Dec 31, 2007

## Investment Manager (for enquiries)

BDT Invest LLP  
4th Floor, 52 Jermyn Street  
London Telephone  
SW1Y 6LX +44 (020) 7659 1300

## Administrator (for dealing and admin)

HSBC Securities Services (Ireland) Limited  
1 Grand Canal Square  
Grand Canal Harbour  
Dublin 2 Telephone  
Ireland +353 (01) 635 6000

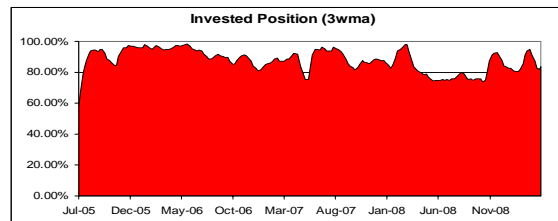
## Regulatory Status

Listed on the Irish Stock Exchange, approved by the IFSRA, Authorised and Regulated by the FSA

Top Twenty Holdings		Sector Weights	
Mitsubishi UFJ Financial Group	5.5%	Financials	25.1%
Sony Financial Holdings	5.4%	Information Technology	11.9%
Japan Tobacco	5.4%	Industrials	11.2%
East Japan Rail	4.6%	Consumer Discretionary	9.6%
Nissha Printing	4.0%	Health Care	8.0%
Toyota Motor	4.0%	Materials	5.6%
Daiichi Sankyo	3.8%	Consumer Staple	5.4%
Mitsubishi Estate	3.7%	Property	3.7%
Nintendo	3.7%	Telecoms	3.4%
Aeon Credit	3.5%	Utilities	0.0%
NTT DoCoMo	3.4%	Energy	0.0%
Daiwa Securities	3.3%	Liquidity	13.5%
Kuraray	3.2%		
Nippon Electric Glass	3.0%		
Santen Pharmaceutical	2.8%		
Stanley Electric	2.8%		
Tokyo Electron	2.8%		
Shimamura	2.7%		
Fanuc	2.6%		
Hirose Electric	2.4%		
		<b>Portfolio Concentration</b>	
		Top Twenty	72.8%
		"5 & 40 rule"	16.3%
		Number of Holdings	26

31st March 2009	1 month	3 month	6 month	1 year	2 years	3 years
Japan Focus Fund A \$	3.8%	-19.5%	-30.1%	-39.3%	-49.2%	-55.0%
Japan Focus Fund B \$	3.8%	-19.5%	-30.0%	-39.0%	-48.5%	-54.2%
Japan Focus Fund A £	4.7%	-14.4%	-37.8%	-41.9%	-57.6%	-61.2%
Japan Focus Fund B £	4.8%	-13.9%	-39.3%	-43.3%	-58.3%	-61.5%
Japan Focus Fund A €	4.5%	-12.6%	-38.2%	-42.8%	-58.6%	-62.5%
Japan Focus Fund B €	4.5%	-13.0%	-38.3%	-42.8%	-58.4%	-62.3%
Japan TPX	1.4%	-17.3%	-24.2%	-35.5%	-45.8%	-46.5%
MSCI Japan	2.1%	-16.6%	-24.1%	-36.0%	-45.4%	-43.8%

Indices stated in US\$. Fund returns stated in the class base currency. TPX returns converted into US\$ using 0900 GMT rate in order to match valuation point.



Japan Focus Fund B\$	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Year
2005						-0.4%	2.5%	3.8%	8.2%	1.1%	5.9%	10.7%	35.9%
2006	2.9%	-5.8%	5.1%	-1.4%	-7.0%	-1.1%	-2.2%	1.0%	-2.2%	1.9%	0.6%	0.0%	-8.5%
2007	-0.5%	1.3%	-1.8%	-3.2%	-1.3%	1.2%	-0.8%	-3.9%	4.0%	0.9%	-3.1%	-5.2%	-11.3%
2008	-4.1%	0.9%	-1.9%	4.8%	2.8%	-6.5%	-3.3%	-4.4%	-6.5%	-13.1%	-5.4%	5.9%	-28.1%
2009	-6.1%	-17.4%	3.8%										-19.5%

# Japanese Smaller Companies Fund



## Investment Objective

The Fund seeks to achieve long-term capital appreciation through investment in Japanese smaller companies. The Fund uses the TSE 2nd Section Index as its performance benchmark although comparisons will also be made with the more growth orientated JASDAQ Index. US Dollar, Japanese Yen, Sterling and Euro denominated share classes are available. The Sterling and Euro share classes are hedged back into their base currency in the normal course of events.

## Portfolio Commentary

The Yen B shares rose 4.5% in March, outperforming both the 1.8% rise in the TSE 2nd Section Index and the 1.6% decline in the JASDAQ Index. The Fund's holdings in the real estate and finance sectors were the best performing area of the portfolio but most of the manufacturing sector positions also did well. It was only the more defensive stocks in the service sector that were disappointing.

## Stock Highlights

### Mitsubishi UFJ Lease & Finance (3.2 % of NAV, TSE-1):

In terms of assets, the second largest leasing firm in Japan, directly affiliated with the old Bank of Mitsubishi and part of the Mitsubishi group. With this pedigree, funding the balance sheet is not a concern. Leasing, hire purchase and corporate loans currently account for 77%, 17% and 4% of total operating revenues. Corporate loans are higher risk/return whilst leasing remains the safest and most reliable. Given the meltdown of the Japanese financial sector over the last few months, the share sells at a P/B of 0.6x.

### Mabuchi Motor (3.1% of NAV, TSE-1):

A specialist manufacturer of small DC motors with a global market share of more than 50%. All products are manufactured in overseas, mainly in China. It supplies to a variety of customers in the manufacturing industry including consumer electronics (41%), autos (42%) and precision machinery makers (17%). Net cash represents 30% of the current market capitalization and with a 94.5% shareholders equity/total assets ratio, the balance sheet is extremely sound. The deep recession has put pressure on earnings but the low PBR should limit downside risk and in our view the inventory adjustment will soon be over. The share sells at a P/B of 0.8x.

### Sumitomo Real Estate Sales (2.6% of NAV, TSE-1):

The sales arm of a major real estate firm with brokerage services (80% of total sales) and condo sales (8%) as core businesses. Brokerage fees are 3% of the transaction value and business is less economy-sensitive than the condo sales. Given the deepening recession the condo sales side is making a small loss but the brokerage business should keep the OP margin at 18% this year. Lower property prices and significant tax breaks are starting to stimulate customer traffic to its showrooms which the first positive signal of a market turnaround. The share sells at a PER of 15x for FY3/09.

Compound Annual Growth Rate since Inception

Class A \$ Share -6.1%

Class B \$ Share -5.6%

9th Feb 2004 - 31st March 2009

	A Class	B Class
<b>Net Asset Value</b>		
Dollar Class	\$ 7.22	\$ 7.42
Sterling Class	£ 8.12	£ 8.30
Euro Class	€ 7.55	€ 7.68
Yen Class	JPY 672	JPY 691
Fund Size (million)	\$13.1	
Historic Yield	0.0%	0.0%

## Dealing

Dealing Frequency	Daily	
Dealing cut off point	5pm (Dublin time)	
Valuation point	9am (following day)	
Min Investment	\$ 10,000	\$3,000,000
Subsequent	\$ 2,500	\$ 100,000

## Fee and Charges

Annual Management Fee	1.75%	1.25%
Entry Charge	3.0%	0.0%
Exit Charge	0.0%	3.0%
TER (estimated)	2.27%	1.77%

(excluding entry/exit charges)

## Performance Fee

There is no performance fee

## Broking Commissions

The Fund pays normal transaction commissions which range from 0.2% to 0.7%. BDT Invest has entered into commission sharing arrangements.

## Activity

Activity is not "targeted" and will depend upon market conditions. Since launch turnover (an average of purchases and sales divided by the fund size and expressed as an annualised percentage) has been 197%.

## Distributor Status

The Fund has received distributing fund status for the year ended Dec 31, 2007

## Investment Manager (for enquiries)

BDT Invest LLP  
4th Floor, 52 Jermyn Street  
London Telephone  
SW1Y 6LX +44 (020) 7659 1300

## Administrator (for dealing and admin)

HSBC Securities Services (Ireland) Limited  
1 Grand Canal Square  
Grand Canal Harbour  
Dublin 2 Telephone  
Ireland +353 (01) 635 6000

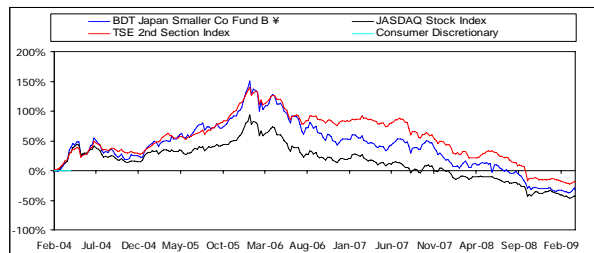
## Regulatory Status

Listed on the Irish Stock Exchange, approved by the IFSRA, Authorised and Regulated by the FSA

Top Twenty Holdings		Portfolio Emphasis		Sector Weights	
Nissha Printing	3.6%	Internet Services	5.6%	Industrial	23.1%
Shimamura	3.3%	Discount Retailing	8.4%	Consumer Discretionary	19.4%
Daiseki	3.2%	Corporate Outsourcing	3.1%	Information Technology	18.1%
Mitsubishi UFJ Lease & Finance	3.2%	Lifestyle Change	2.9%	Health Care	14.1%
Towa Pharmaceutical	3.2%	Asset reflation	11.5%	Financials	10.5%
Mabuchi Motor	3.1%	Demographic Change	7.9%	Property	6.9%
So-Net M3	3.1%	Other	12.1%	Materials	4.8%
THK	3.1%	Domestic growth	51.5%	Consumer Staple	2.0%
Message	2.9%	Climate change	2.9%	Energy	0.0%
Plenus	2.9%	Silicon Cycle	9.3%	Telecoms	0.0%
Mimasu Semiconductor	2.9%	Other Electronics	17.0%	Utilities	0.0%
Shinko Electric	2.9%	Autos	11.7%		
Toyo Tanso	2.8%	Others	6.5%		
Disco Corp	2.8%	Global growth	47.4%		
Mori Seiki	2.8%				
Mitsumi Electric	2.7%				
JAFCO	2.7%	% Invested	98.9%	Portfolio Concentration	
Sumitomo Real Estate Sales	2.6%	Cash	1.1%	Top Twenty	59.1%
Matsuda Sangyo	2.6%	T-bills	0.0%	"5 & 40 rule"	0.0%
Santen Pharmaceutical	2.6%			Number of Holdings	41

31st March 2009	1 month	3 month	6 month	1 year	2 years	3 years
Japanese SC Fund A \$	3.7%	-12.5%	-11.6%	-37.7%	-45.4%	-64.4%
Japanese SC Fund B \$	3.6%	-12.5%	-11.5%	-37.4%	-44.6%	-63.7%
Japanese SC Fund A £	4.6%	-5.3%	-16.7%	-37.1%	-52.0%	-67.4%
Japanese SC Fund B £	4.7%	-5.1%	-16.6%	-36.9%	-51.7%	-67.0%
Japanese SC Fund A €	3.6%	-4.7%	-17.8%	-38.0%	-53.4%	-68.7%
Japanese SC Fund B €	3.6%	-4.8%	-17.9%	-38.2%	-52.9%	-68.3%
Japanese SC Fund A ¥	4.5%	-4.9%	-17.1%	-38.4%	-54.3%	-70.1%
Japanese SC Fund B ¥	4.5%	-4.8%	-16.9%	-38.1%	-53.9%	-69.6%
Japan TPX 2nd Section	1.8%	-6.0%	-22.3%	-33.5%	-56.7%	-64.1%
Japan JASDAQ	-1.6%	-14.9%	-21.6%	-36.4%	-51.8%	-66.9%

Indices stated in Yen. Fund returns stated in the class base currency.



Japanese SC Fund B ¥	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Year
2005	11.7%	0.2%	0.4%	6.1%	1.5%	5.2%	7.8%	-4.5%	-0.5%	7.6%	6.8%	18.6%	77.0%
2006	1.4%	-9.2%	5.1%	-5.3%	-11.4%	1.0%	-12.1%	2.9%	-5.0%	-2.7%	-7.3%	4.2%	-33.7%
2007	2.2%	-3.1%	-3.0%	-4.1%	-0.1%	7.0%	-0.3%	-7.3%	3.2%	5.2%	-14.5%	-8.1%	-22.3%
2008	-8.4%	7.3%	-6.2%	2.0%	0.3%	-4.4%	-5.0%	-2.8%	-17.5%	-12.3%	-1.9%	1.4%	-40.1%
2009	-5.2%	-3.9%	4.5%										-4.8%

**IMPORTANT NOTICE**

BDT Invest LLP  
52 Jermyn Street  
London  
SW1Y 6LX

Telephone - 020 7659 1300  
Fax - 020 7659 1399  
[www.bdtinvest.com](http://www.bdtinvest.com)

Authorised and Regulated by the Financial Services Authority